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SUBJECT: PORTUGAL TOURISM FEELING ECONOMIC PINCH

LISBON 00000105 001.2 OF 002

SUMMARY

1. In a February 11 breakfast meeting ten Portuguese travel and tourism contacts told the Ambassador the Portuguese tourism industry is suffering from the impact of the global financial crisis, and tourism to the US is harder hit due to poor marketing of US travel destinations. The group also complained of unfriendly treatment by DHS border officers at US ports of entry, notably Atlanta's Hartsfield International Airport. End summary.

THE ECONOMY MATTERS TO TOURISM AS WELL

2. Ten business leaders of Portuguese travel and tourism shared their views on the state of their industry in a February 11 meeting at the Ambassador's residence, the latest in a series of USCS-sponsored industry breakfast meetings with the Ambassador. Attending the February 11 meeting were Luis Sertorio Ovidio of White Airways (charter), Diogo Cassiano Neves of CN Sports (primarily golf), Francisco Teixeira of Melair (charter), Luis Tonicha of Viagens Abreu (travel agency), Joao Alves of Across Luxury Travel and Safaris, Anil Sampat of the Lisbon Marriott, Sergio Pantin of Continental Airlines, Nuno Almeida Costa of Aeroportos de Portugal (ANA, airport management), Eduardo Pinto Lopes of Sonhando (including Terra America tours with Florida destinations), and Antonio Loureiro of Galileo/Travelport (travel network and travel technologies and services).

3. The group consensus was that the Portuguese tourism industry, including Portuguese travel abroad and foreign visitors to Portugal, has slowed with the unfolding global financial crisis. Travel forecasts are reduced across the board, with the possible exception of luxury travel, which Joao Alves was confident would hold relatively steady. Sergio Pantin of Continental said travel to Portugal originating in the US had declined more than that from EU countries.

BAD MANNERS AT THE BORDER

4. Antonio Loureiro's complaint about unwelcoming treatment by DHS officers in Atlanta kicked off the most vigorous discussion. When the Ambassador replied that he recalled good experiences in Hartsfield's domestic terminals, Loureiro and the others responded that "it is very different in the international terminal." The majority of the group contributed similar stories of rude or dismissive treatment at various ports of entry, and Pantin related that he had received poor treatment in Houston when "proactively" presenting his documentation from the Electronic System for Travel Authorization (ESTA), in response to which the DHS officer said "I don't care about that." Almeida Costa added

that ANA has experienced some travelers altering travel plans to avoid US entry points with more negative reputations.

MORE ADVERTISING NEEDED ABOUT U.S. DESTINATIONS

15. Surprisingly, a number of the group blamed the low volume of Portuguese tourism to the US on the lack of understanding of the variety of US leisure destinations by Portuguese consumers. Charter airline heads Luis Sertorio Ovidio of White Airways and Eduardo Pinto Lopes of Sonhando said the Portuguese know about Disney World and New York, but most are unaware of the breadth of other US destinations and called for more advertising and outreach to promote US attractions. Several in the group claimed growth in US-Portugal travel is also impaired by the limited number of direct routes between the countries, but Pantin responded that insufficient customer demand was preventing Continental from considering any expansion in routes.

COMMENT

16. Reduced vacation travel during the current financial crisis is expected. We are also accustomed to complaints about inconvenient entry procedures at US ports of entry, the magnitude of which tends to be exaggerated since travelers rarely comment on satisfactory experiences. However, it is surprising to hear that US destinations are under-advertised, especially in a country with a sizable expatriate population in the US. Portugal's population of eleven million persons does not constitute a large target market, but we would expect a staunch ally with which we share historically strong ties to be more culturally aware of the US. Once world economies start to recover from their respective recessions, tourism from Portugal would benefit from a renewed invitation from our diverse vacation destinations. End comment.

LISBON 00000105 002.2 OF 002

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